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Report of the Ottawa Group on Price Indices

Note by the Secretary-General

In accordance with Economic and Social Council decision 2018/227 and past practices, the Secretary-General has the honour to transmit the report of the Ottawa Group on Price Indices, which is being submitted to the Statistical Commission for its information. The Commission is invited to take note of the report.

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I. Purpose and organization of the Ottawa Group on Price Indices

1. The International Working Group on Price Indices, known as the "Ottawa Group on Price Indices", was formed in 1994 to provide a forum for specialist academics and practitioners to share their experiences and knowledge and discuss research on crucial problems relating to the measurement of price change. While theoretical issues are covered in the discussions, the Group focuses primarily on applied research, in particular, but not exclusively, in the area of consumer price indices. The Group examines the advantages and disadvantages of concepts, methods and procedures in the context of realistic operational environments, supported by specific examples whenever possible. Participants are specialists and practitioners who work for or advise statistical agencies in countries or international organizations. The Group meets every other year, alternating with the meetings of the Group of Experts on Consumer Price Indices, which are jointly organized by the Economic Commission for Europe and the International Labour Organization.

2. The Ottawa Group has a steering committee that ensures the continuity and evolution of the Group's activities. The Group coordinates with other international activities on price statistics, such as the meetings of the Group of Experts on Consumer Price Indices and the Intersecretariat Working Group on Price Statistics. The membership of the committee is reviewed periodically at each meeting of the Ottawa Group to ensure that it has a representative cross section of experts, a commitment to diversity (e.g. sex, age and geographical spread) and a sustainable future in relation to succession planning. The committee currently comprises representatives of national statistical offices, academics and other experts in the field of price statistics, a representative of the organizing committee for the Group of Experts on Consumer Price Indices, a representative of the Intersecretariat Working Group on Price Statistics and representatives of the agencies that have recently hosted or will host meetings of the Ottawa Group. The representative of the Australian Bureau of Statistics currently serves as Executive Secretary of the Group.

3. The meetings of the Ottawa Group are divided into sessions, each devoted to one clearly defined topic with a designated moderator who is responsible for producing a summary of discussions. The summary includes the Group's recommendations, when a clear consensus emerges from the discussion, or, when this is not the case, a summary of the varying opinions, with balanced commentary.

4. Poster sessions, which involve the presentation and discussion of topics in smaller groups, continue to be a feature of the Group's meetings. This innovation is seen as an important development that facilitates knowledge-sharing in a less formal environment. Participants note that this continues to be a positive element of the Group's meetings.

5. The host agency provides facilities and administrative support for the meetings.

6. Copies of the proceedings of each meeting and information about the Group are available from the Group's website (www.ottawagroup.org). The steering committee may also decide to edit and periodically release compendiums on selected topics through the website. The Executive Secretary is responsible for maintaining the website.

7. The Group has a strong emphasis on encouraging organizations around the world to host and attend its meetings to facilitate regional representation and participation, especially from the host country and region. Regional representation allows countries with less developed statistical systems the opportunity to interact and learn from more statistically developed countries, allowing them to build upon

and further strengthen the statistical systems in their region. The Group's meetings have representation from countries in North and South America, Western and Eastern Europe, Asia and the Pacific and Africa.

II. Meetings

8. The Group benefits from the active participation of leading academics and practitioners in the area of price statistics who regularly contribute to the meetings. Various topics have been discussed by the Group, including quality change, hedonics, index formulae, sampling, bias and cost-of-living indices. The Group's most recent achievements relate to the development and empirical research of price index methods to compile the consumer price index using alternative data such as scanner data and big data. The Group has contributed to the development of the *Consumer Price Index Manual: Theory and Practice* (2004).[1] Since an update of the manual was launched in 2015, draft outlines of updates have been presented to the Group for consultation.

9. Developments in the use of big data to compile price indices are an example of the strengths of the Group. The Group brings together academic specialists in the area of price measurement with practitioners from the statistical agencies that actually compile indices. Both groups learn from each other, allowing progress to be made in both the academic and practitioner communities. This has been most noticeable at the recent Group meeting, where developments and innovative ideas led to new approaches being developed in the area of compiling consumer price indices using alternative data.

Most recent meeting

10. Since the submission of the previous report (E/CN.3/2016/29), the Group has met once, in May 2017 in Eltville, Germany. The meeting, hosted by the central bank of Germany, was attended by more than 100 participants from 30 statistical institutes, 10 central banks, 25 international organizations and a number of leading academics and organizations.

11. Fundamental challenges in price measurement remained the focus of the meeting. The Group considered such topics as index theory and practice; house price indices; hedonic methods; property price statistics; commercial property prices; challenges of big data; multilateral index methods; issues with new data sources; and implementing scanner data. Discussions focused on the theoretical and methodological considerations of each topic and the practical implementation of the theory and methods in the context of national statistical agencies. In total, 30 papers were presented for discussion, 2 papers were submitted as room documents and 24 papers were presented as dedicated posters. The papers were well received by participants and discussions focused on challenges, concepts, methods and compilation procedures for price indices.

12. As a general theme, the meeting was focused on the use of alternative data sources and the challenges that those data present to national statistical organizations, practitioners and academics. Alternative data such as web-scraped data, transaction data, big data and administrative data pose challenges to traditional index compilation procedures and methodologies. The Group focuses on taking forward state-of-the-art ideas, and the meeting participants presented practical and theoretically based ways to overcome those challenges. Those new innovative ideas, especially in the field of compiling indices using transaction data, web-scraped data and big data, have led to a new dedicated chapter being included in the update of the *Consumer Price Index*

[1] Available at www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm#manual.

Manual: Theory and Practice, which will guide practitioners by discussing methodology on how alternative data can be practically implemented in the compilation of consumer price indices. The full report of the meeting provides a summary of the key points that emerged from each session of the meeting and feedback from participants. It is available as a background document and on the Group's website.

Next meeting

13. The next meeting of the Group will be hosted by the Fundação Getulio Vargas and the Brazilian Institute of Geography and Statistics (IBGE) in Rio de Janeiro, Brazil, from 8 to 10 May 2019. There will be a call for papers and discussions on:

(a) New data sources for the compilation of price indices (scanner/transaction data; web-scraped data);

(b) Compiling house price indices (data sources; methodological and conceptual challenges);

(c) Index number formulae;

(d) Price statistics that meet multiple user needs;

(e) Quality adjustment (focus on high-attrition products and approaches used by price statisticians to address these challenges);

(f) Pricing seasonal products (approaches used by price statisticians to address the challenges);

(g) Measuring the digital economy (incomplete adjustment for quality change owing to treatment of new, and typically improved, varieties of existing digital products; treatment of new digital products that replace existing non-digital products);

(h) Other topics (challenging areas of measurement, such as services and free (zero-price) products or services).

14. The website for the meeting can be found at http://eventos.fgv.br/en/OttawaGroup-2019.

15. The Group's steering committee consults members of the Intersecretariat Working Group on Price Statistics and organizers of the Group of Experts on Consumer Prices Indices to ensure the appropriate coordination of meeting agendas.

III. Contact point

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IV. Conclusion

17. **The Commission is invited to take note of the report.**

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